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FISCAL IMPACT STATEMENT

LS 7338

BILL NUMBER: HB 1407

NOTE PREPARED: Jan 13, 2004

BILL AMENDED:

SUBJECT: Accident Investigation Fee.

FIRST AUTHOR: Rep. Alderman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes a \$25 fee to be collected after an accident is investigated by a state or local law enforcement agency. The bill provides for one fee for each vehicle involved in an accident, to be imposed on the vehicle's insurer or on the driver, if self-insured or not insured. It requires collection of the fee by state law enforcement agencies. This bill also provides that the governing body of a municipal corporation may authorize the collection of the fee.

The bill also provides for the establishment of: (1) the State Law Enforcement Supplemental Account within the state General Fund; and (2) a municipal corporation's law enforcement supplemental fund. It also establishes procedures for the collection of an accident investigation fee. This bill provides that fees collected must be used to supplement funds available for the compensation of law enforcement officers employed by the law enforcement agency.

The bill also requires the Department of Insurance to establish procedures to confirm the accuracy of insurance information contained in accident reports.

Effective Date: Upon passage; July 1, 2004.

Summary of Net State Impact: This bill would increase revenue for the state. The bill requires state law enforcement agencies to collect a motor vehicle accident investigation report fee. Agencies would be required to collect the fee from (1) the insurance company, (2) the driver if they fulfill their financial responsibility requirements through a bond or by self-insuring, and (3) the driver if they are in violation of the state's financial responsibility requirements. The fee would be \$25. There were 375,970 drivers involved in automobile accidents in CY 2002. If the fee can be collected from all drivers, revenue collected statewide

would be approximately \$9.4 M annually. Fee revenues would be distributed to the state, if investigated by a state law enforcement agency, or local agencies that adopt the fee and complete the investigation.

If a person on whom an accident investigation fee is imposed fails to pay the full amount of the fee not later than 60 days after the issuance of the bill for payment by the law enforcement agency, the person is subject to a penalty of 10% of the fee owed. This provision would result in the state experiencing an increase in revenue. However, the number of individuals that would be charged a late penalty are unknown, and, thus, the increase in revenue is undeterminable.

Explanation of State Expenditures: *Accident Report:* Current statute requires law enforcement officers to forward a report of each accident to the Indiana State Police Department (ISPD) within 24 hours of completing the investigation. The report includes: (1) the name and address of the owner and operator of each vehicle involved in the accident, (2) the license number and description of each vehicle involved in the accident, (3) the time and place the accident occurred, (4) the name and address of each person injured or killed in the accident, and (5) the name and address of each witness to the accident.

This bill would add additional information for forwarding to this list. Investigating officers would be required to submit a separate report within 24 hours of concluding the investigation of a motor vehicle accident to the ISPD. The report would include: (1) the vehicle operator's name and address, (2) the motor vehicle identification information, (3) whether or not the motor vehicle liability policy was in effect with respect to the vehicle at the time of the accident, and (4) the insurer's name and the policy number. It is assumed that law enforcement officers can incorporate the requirements of this bill into their current workload.

Department of Insurance (DOI): The DOI must adopt rules under which the DOI must determine whether information provided to a law enforcement officer preparing an accident report and reported to the DOI is accurate. The DOI must provide to each law enforcement agency submitting a report a listing of insurers accurately reported and eligible for billing; the actual vehicle insurer eligible for billing if incorrect information about the identity of an insurer was provided and accurate information regarding the insurer can be determined by the Department; and driver and vehicle information for which the insurance information cannot be confirmed by the DOI. The rules must also prescribe forms. The DOI must cooperate with the Bureau of Motor Vehicles and the Superintendent of the State Police when establishing rules and procedures.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Total reversions for the DOI were \$836,000 in FY 2003. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: This bill requires state law enforcement agencies to collect a motor vehicle accident investigation report fee. Agencies would be required to collect the fee from the drivers involved in the accident or from the motor vehicle liability insurance providers of the drivers involved in the accident. The fee would be \$25 dollars.

There were 220,883 vehicle accidents in CY 2002, and there were 375,970 drivers involved in these accidents. It should be noted that this number excludes drivers of parked vehicles. The bill requires that a fee be charged to certain drivers or the motor vehicle liability insurance providers of the vehicles involved in the accidents. If all fees are able to be collected, the revenue would represent about \$9.4 M annually. The state would receive the fees associated with accident investigations performed by a state law enforcement

agency.

If a person on whom an accident investigation fee is imposed fails to pay the full amount of the fee not later than 60 days after the issuance of the bill for payment by the law enforcement agency, the person is subject to a penalty of 10% of the fee owed. This provision would result in the state experiencing an increase in revenue. However, the number of individuals that would be charged a late penalty is unknown, and thus the increase in revenue is undeterminable. A person's liability for a fee may be enforced by any legal remedy. The person on whom the fee was imposed is subject to all costs of the proceeding, including attorney's fees, court costs, and penalties.

State Law Enforcement Supplemental Account: The bill establishes the State Law Enforcement Supplemental Account, a part of the state General Fund. The Account would be administered by the Budget Agency. The Account consists of the following: (1) accident report investigation fees collected by state law enforcement agencies, (2) appropriations made by the General Assembly, and (3) any other public or private source. The State Treasurer shall invest the money in the Account not currently needed to meet the obligations of the account. Any interest earned on investments shall be credited to the Account when received. The money in the Account at the end of a state fiscal year does not revert to the state General Fund. The expenses of administering the Account shall be paid from money in the account.

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues: Local law enforcement agencies authorized to collect fees will receive fees for accidents investigated by the local agency.

Law Enforcement Supplemental Fund: The bill authorizes the establishment of a local Law Enforcement Supplemental Fund. It consists of the following: (1) accident report investigation fees collected by local law enforcement agencies, (2) appropriations made by the governing body, (3) any other public or private source. The governing body, with control over the law enforcement agency of the municipal corporation at hand, shall administer the Fund. Costs of administering the Fund shall be paid from money in the Fund. The money in the Fund does not revert to a general fund at the end of a fiscal year. The governing body may invest the money in the Fund not currently needed to meet the obligations of the Fund. Interest earned on investments shall be credited to the Fund when received.

See also *Explanation of State Revenues*.

State Agencies Affected: Indiana State Police; Department of Insurance.

Local Agencies Affected: Law enforcement agency of a county, a city, a town, or another municipal corporation that performs motor vehicle accident investigations.

Information Sources: *Indiana Crash Facts*, Indiana Criminal Justice Institute, http://www.in.gov/cji/research/CRASH_2000.pdf.

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